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Advertising Age

50 YEARS 1930-1980

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Economy hurts tv, aids radio

National spot radio soars, nets gain 30% in period

NEW YORK—If the first quarter is any indication, 1980 is going to be very, very good to radio.

Despite a recession or, as some execs contend, partially as a result of it, the medium enjoyed a 45% gain in national spot, putting the quarter's billings at $100,000,000. A combination of "new" dollars adding weight to current campaigns, plus the return to buying of major advertisers is powering the drive higher, industry sources reported.

Other segments are thriving as well. Network radio, on its way to annual billings in excess of $160,000,000, posted a first-quarter gain of over 30% for estimated billings of $55,000,000. Business on the local side—following a mediocre first month and a half—steadily built, with March up nearly 30%. The quarterly gain was estimated at 20%.

Though the news is generally good, there are a few hitches. Sources noted that while the top 25 markets are more than holding their own, there is concern about a softer pattern developing in lower ranked markets. And that is directly a result of uncertainty about the economy and its effect on the numbers for the second and third quarters.

Though a matter of some debate, the industry also is closely following the rise of

(Continued on Page 83)

Olympics loss shares blame for soft July in net tv

NEW YORK—July is shaping up as one of the softest network tv sales periods in recent history, with the grim third-quarter outlook contributing to the molasses-like pace of deal-making for next season's upfront market.

Network and agency sources alike confirmed the bad times, citing the unique juxtaposition of the American boycott of the Olympics with the recession as the key reason for the downturn.

As could be expected of the network that expected to carry the Summer Olympics, the outlook is bleakest at NBC where, sources say, as many as 50 prime time units per week are unsold in July and about half as many still open in August. At CBS, as many as 15 30s per week are said to be available, with a slightly smaller number open at ABC.

Based on a rough formula where each network has approximately 260 units per prime time week open for sale, an inability to sell 50 units could cost NBC about $3,750,000 per week, using $75,000 as a rough estimate of the cost of one unit. Potential losses to CBS and ABC, meanwhile, would be in the neighborhood of $1,000,000 per week.

(Continued on Page 83)

Both reports by associate editor Colby Coates.

Triumph trumpets taste test

By SAM HARPER

NEW YORK—While R.J. Reynolds Tobacco Co., Philip Morris U.S.A. and American Brands continue their donnybrook in the ultra low-tar segment, Loews Corp.'s Lorillard division will take a shot at low-tar brands from two of those companies in a campaign for its 3mg Triumph brand.

In an apparent effort to bring Triumph's market share up to the level of its burgeoning Kent III brand, Lorillard will kick off a national advertising campaign today which claims that Triumph was preferred in taste tests over RJR's Winston Lights and Vantage and PM's Marlboro Lights and Merit brands.

Ads claim that 60% of the smokers tested preferred Triumph over 8mg Merit, and 62% preferred the 3mg brand over 11mg Vantage.

■ While PM and RJR focus their marketing efforts on taking share away from ultra low-tar segment leader, Carlton, with their Now and Cambridge brands, Lorillard's primary goal seems to be directed at grabbing share away from PM and RJR in the low-tar, or 5mg to 15mg, category. While Triumph is technically in the same segment as Now, Carlton and Cambridge, Lorillard's marketing focus has been on taste rather than "lowest" tar claims.

Triumph's campaign will include color page ads in Sunday supplements, plus outdoor and magazines, all touting the year-old

(Continued on Page 83)

'A grave lack of courtesy'

French Havas buys into Publicis

By CAROLYN PFAFF

PARIS—In a move kept deadly secret, the giant French Havas group has acquired on the stock exchange 50% of the publicly owned shares of their main competitor, Publicis Conseil, the No. 1 French agency.

The last to get the word was Publicis, who knew someone had been buying a lot of shares since January, but thought until last week it was an investment fund. After the bombshell news, Publicis immediately put out a press release pointing out that Marcel Bleustein-Blanchet, founder of the company, still personally held 78.5% of the capital. Only 21.5% of the shares are traded.

Nevertheless the French ad world was agog. Commenting on the affair, Claude Marcus, administrator director general of Publicis, says: "First it shows a grave lack of courtesy, and second it is not the way a government company should behave." (Havas is 56% owned by the government.)

The word courtesy may appear unusual to outsiders, but in fact the reason why Publicis might have expected a more gentlemanly approach from Havas is that the two corporations have a long history of cooperation and jointly own several outdoor advertising companies. The two share, for example, all work for the government airline, Air France.

Now strong rumors in Paris have it that even President Giscard d'Estaing is furious at the Havas action. The group could eventually be forced to sell back the Publicis shares. The situation is all the more embarrassing to the government as Prime Minister Raymond Barre has recently created a monopolies commission and has announced his intention to make the French market a more favorable place for the free enterprise system.

Havas group controls directly 15% of all advertising billings in France and also has a share in nine

(Continued on Page 83)

The recent acquisition of Carll S. Burr has brought Merrill Lynch into New York as it expands its new residential real estate network. *(See story on Page 79.)*

Theater tv fight will include ads

By JAMES P. FORKAN

NEW YORK—After a decade of trying to lure advertisers into backing closed circuit telecasts mainly of Muhammad-Ali fights, promoters Top Rank and Don King Productions have finally scored a knockout punch, with Sugar Ray Leonard *vs.* Roberto Duran.

Helping deliver that punch were Anheuser-Busch, St. Louis, and its agency, D'Arcy-MacManus & Masius. The fight, due on June 20 from Montreal, is the first joint promotion of archrivals Bob Arum of Top Rank and Mr. King; their joint company BADK Inc. bears the two men's initials.

The commercial sales were coordinated by Mike Trager, the former NBC Sports exec who now is exec vp-sports programing director at D'Arcy. Having made the biggest ("by far") buy on the Leonard-Duran closed circuit hookup for Anheuser-Busch, Mr. Trager was asked to shepherd the pursuit of other sponsors. A dozen minutes were sold at presstime, Top Rank said.

■ "We don't want to overcommercialize or be an intrusion" with Leonard-Duran, Mr. Trager said, so the total number of commercial minutes will be "50% of what the tv networks would have."

The theaters may not be getting a cut of those ad sales. Michael Burke, president, Madison Square Garden, which has sold an estimated $3,000,000 in seats—now all sold out—was not aware that com-

(Continued on Page 83)

NEWSPAPER

Diaper battle in U.S., Europe—Page 3

last minute news

Isuzu talking to Chiat/Day, Della Femina

LOS ANGELES—Isuzu Motors is talking to Chiat/Day, Della Femina and reportedly two or three other agencies here regarding assignment of Isuzu cars and trucks, to be introduced in the U.S. with an ad budget believed near $8,000,000 in late '80 or early 1981. The Japanese carmaker opened U.S. headquarters here last week (AA, June 9) and now aims to sign up "far more" than the 300-plus dealers originally mentioned, a company source said.

General Foods tests Sun Apple drink mix

WHITE PLAINS, N.Y.—General Foods is testing Sun Apple vitamin-fortified drink mix in Lexington, Ky., where tv notes the product "tastes like biting into a fresh-picked apple." The product comes in a canister producing eight quarts and a packet yielding two quarts. GF also is testing Anytime 50-calorie dessert treats—frozen half-cup confections in four flavors—in Rochester, Omaha and Jacksonville. Tv, magazines and couponing support. Y&R handles both products.

Caress facial tissue tested by Scott

PHILADELPHIA—Scott Paper Co. is testing Caress facial tissue in Lexington, Ky. Tv spots note, "One touch will tell, now we're the softest." Magazine also supports. W. B. Doner & Co., Baltimore, handled creative. Media by in-house Scottcom.

King-Cola breaking its first network drive

NEW YORK—King-Cola World is breaking a new campaign and its first multi-million-dollar network tv advertising in July to take advantage of a

(Continued on Page 8)

Only admakers make money

Air warfare takes toll

By JOSH LEVINE

NEW YORK—Airlines that have often named their planes after the sky's nobler birds are playing a transcontinental marketing game named after a different fowl. The chicken.

Plagued by passenger overcapacity between New York and California and a looming drop in traffic that traditionally hits those routes harder than others, the seven carriers that compete are testing each other's stamina with fares none of them can afford. Each hopes the other guy will drop first.

"The only people making money in this market are the production houses that are kept busy day and night making the ads," said William Dowse, vp-advertising, Eastern Airlines. Eastern entered the market two weeks ago with a $99 one-way night coach fare that spread quickly to the other carriers on both night and day flights.

▪ "We thought the $99 fare would tweak the night coaches a bit, and look what happened," Mr. Dowse said. "You can't file a fare, run an ad, and expect to steal a march on anybody. The speed of response is terrific."

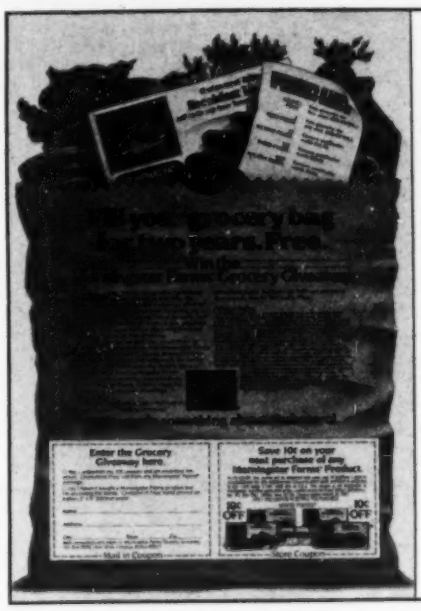
Eastern is reported to be spending $11,000,000 with Young & Rubicam to promote its new transcontinental service, but the uniformity of industry pricing has homogenized advertising on the route. The vast sums being spent on New York-Los Angeles and New York-San Francisco flights are funding largely defensive campaigns designed to protect market share until the competition shakes out. The casualties are expected to begin dropping this fall.

Few carriers are talking about the extent of their losses, except to acknowledge that they exist and that they're exacting a heavy toll.

▪ "Even with full load factors, it's nonsensical to believe that any carrier can make money on transcontinental flights this summer," said Fred Heckel, vp-advertising at United Airlines. "Realistic appraisals [of profitability] don't seem to make a difference."

TWA shed some light on the stakes the carriers are playing for

(Continued on Page 80)


Enter the Grocery Giveaway here.
Save 10¢ on your next purchase of any Morningstar Farms® Product.
10¢ OFF
10¢ OFF
Mail in Coupon
Store Coupon

Free groceries a grand prize

July issues of six magazines will carry this ad, announcing Miles Laboratories' grocery giveaway sweepstakes, for its Morningstar Farms no-cholesterol food line. Tatham-Laird & Kudner, Chicago, handles.

FRANK SINATRA

Dollar-a-year deal

Sinatra aids Chrysler

HIGHLAND PARK, MICH.—Singer Frank Sinatra will appear in tv spots for Chrysler and its 1981 Imperial this fall, and in general help out a pal.

Mr. Sinatra telephoned Lee Iacocca, chairman of beleaguered Chrysler Corp., to offer his services for the same $1 a year Mr. Iacocca makes. "I was impressed with Iacocca's personal crusade to save Chrysler and protect American jobs. I called him and said, 'Let's talk'," Mr. Sinatra was quoted as saying.

They talked over dinner in New York and Mr. Sinatra and Mr. Iacocca shook hands on the deal that will also see "Ol' Blue Eyes" help Chrysler's sales programs as a "special representative" in employe and dealer relations.

John Morrissey, chairman of K&E, Detroit, said Sinatra "signed on based on Chrysler Corp. so it's bigger than the Imperial, although he could be of great help to us on Imperial."

Mr. Sinatra won't replace existing Chrysler spokesmen—currently former astronaut Neil Armstrong and actor Ricardo Montalban.

Mr. Sinatra has been an infrequent product endorser. He sang a song used as a voiceover for the Lincoln Versailles in the fall of 1978, and endorsed BASF audiotapes in a 1974 print campaign. He also cut promotional records for a New Hampshire radio station, out of friendship, in 1977.

Mr. Sinatra and Mr. Iacocca have known each other "casually" for the past few years. Leo-Arthur Kelmenson, president of Chrysler's agency, Kenyon & Eckhardt, helped smooth out the agreement. Mr. Sinatra did the work on Versailles when K&E was the Lincoln-Mercury agency.

K&E came to Chrysler after Mr. Kelmenson and Mr. Iacocca had a similar dinner meeting in New York, a year ago. That was the largest ($120,000,000 then) account shift in history. Mr. Sinatra's $1 wage will be supplemented by a "good financial award if we make it work," Mr. Iacocca said. He has the same deal if Chrysler survives its current financial difficulties.

"Frank Sinatra is a fighter for the underdog and I am delighted he is joining me and the others here at Chrysler in an effort to restore an important American company to a position of strength," Mr. Iacocca said. #

Paid drive on energy unplugged

By RICHARD L. GORDON

WASHINGTON—Members of a key House panel shredded President Carter's plan for a major paid energy conservation ad campaign, wiping out the entire $50,000,000 request from an Energy Department appropriation bill.

The project was openly ridiculed last week by some members of the House appropriations committee's interior subcommittee, which controls the department's conservation education budget.

"If I were sitting in my home next winter," said Rep. Clair Burgener (R., Cal.), "kind of cold, wearing a couple of sweaters, and an ad came on the television telling me to turn down my thermostat, I'd be pretty mad."

"There isn't any damn reason in the world to let those fellows go out and hire an ad agency," declared Rep. Joseph M. McDade (R., Pa.), the ranking Republican on the panel.

While the Energy Department can ask the full House appropriations committee or the Senate to restore the ad money, the subcommittee decision is likely to be a mortal blow to the project.

It's the latest in a series of frustrations for department ad planners, who have experimented with paid energy conservation ad campaigns but have never had a major budget.

Paid ad advocates won a break through last year after fighting it out with other department execs who favored sticking with public service advertising, the conven-

(Continued on Page 80)

highlights

Monday, June 16, 1980

The BPAA holds its 58th annual meeting to hear about regulatory woes and dire economic forecasts. *See Page 4.*

Network battle of the demographic stars leaves agencies limp. *See Page 4.*

Consumers are more reluctant to make major purchases now than any time in recent years, according to a study. *See Page 6.*

Media Statistics Inc. updates the vcr field with its first-quarter report. *See Page 12.*

Two California agencies have won what could be a decisive battle in their antitrust war against the Yellow Pages industry. *See Page 14.*

General Electric is raising ad spending for housewares, seen as recession-resistant. *See Page 14.*

DuMont, a venerable name in television hardware, is making a return. *See Page 32.*

Jane L. Berdes looks at the partnership between U.S. business and the arts and that partnership's impact on the national life style. *See Page 45.*

Howard G. (Scotty) Sawyer presents some words he tries to avoid using and offers some advice on the use of the English language. *See Page 50.*

Bob Stone offers some suggestions on fueling creativity. *See Page 50.*

Gene Mahany looks at some trends developing in advertised consumer promotions. *See Page 52.*

Shapely women, dazzling shopping bags, "fashion engineering" and diversification all figures in the success of Milan's Elio Fiorucci. One element that's not involved is conventional advertising. *See Page 56.*

Asia is getting its first pr newswire service, centered in Hong Kong, July 1. *See Page 58.*

Arbitron's New Electronic Media report, adding two clients for a total of 20, is aiming for July delivery of data. *See Page 62.*

Retailers don't see greatly improved results for some time. *See Page 64.*

Entertainment & Sports Programming Network lines up people, sponsors and events to flesh out its forthcoming fulltime service. *See Page 74.*

Cable News Network pushes for more affiliates, part of New York still is not hooked up. *See Page 79.*

Merrill Lynch's bull is moving into the real estate business in a new marketing venture. *See Page 79.*

Coca-Cola's management moves fuel more speculation about agency relationships. *See Page 80.*

Y&R restructures by combining Y&R Affiliates into Y&R USA. *See Page 80.*

Borden drops Ted Bates & Co. and hires Doyle Dane Bernbach. *See Page 81.*

American Business Press recognizes the 1980 "objectives and results" campaigns. *See Page 82.*

Newcourt subsidiary of Mickelberry buys Nadler & Larimer. *See Page 83.*

Della Femina, Travisano & Partners sweeps Clio Awards with eight statues, as Y&R, DDB and McCann also score well. *See Page 84.*

Section 2

For the first time since 1969, ADVERTISING AGE devotes an entire section to magazines. Encompassing consumer, business and farm publications, the section includes articles on entrepreneurs, special interest consumer magazines, newsstand sales, computers and the business press, comparability and alternate delivery—beginning opposite Page 44.

REGULAR FEATURES

ACCOUNT CHANGES	70	PUBLIC RELATIONS	38
ADBEAT	76	REGIONAL NEWS	30
ADVERTISING MARKETPLACE	71	RESEARCH BEAT	60
AGENCY PEOPLE	75	RESEARCH PEOPLE	62
BAR/AA NEW TV PRODUCTS	38	VIDEOTECH	34
BRADY	24	VOICE OF THE ADVERTISER	66
CON-SID-ERATIONS	16	WASHINGTON BEAT	40
CORRECTIONS & CLARIFICATIONS	6		
EDITORIAL VIEWPOINT	16		
50 YEARS AGO	32		
FOR THE RECORD	79		
OBITUARIES	39, 68		
PHOTO REVIEW	26		
PRESSTIME	8		

FIGURES TO FILE

31 TOP RESEARCH COS.	60
PET FOOD 1979 SALES	74

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Research quality up

BY THOMAS RICHARD

CHICAGO—Until recently, the research arm of the business press—if it existed at all—was a perfect "10." For low profile, that is.

And when its efforts first started to become conspicuous, the public, sometimes with good reason, was suspicious of what research had to offer.

But that picture has changed for the better.

▪ A lot of research, by design, still goes on behind the scenes. But the quality now has moved up several notches.

"The attitude that publishing research is guilty until proven innocent is dying," says Jane Rogers, research director for Barrington Ill.-based Technical Publishing Corp. A 10-year veteran of the business, she notes that "attitudes are changing toward research. We have a lot of experts entering the field. And while research always has been a science, our methods are more sophisticated than ever."

For too long, a lot of publishing houses regarded research as an integral part of promotion, points out David Forsyth, vp, McGraw-Hill Publications Co.'s research division.

"What we are doing here is making research an independent group by itself and an objective approach is paramount," says Mr. Forsyth. "The information we gather reflects what is there—not necessarily what a client wants or hopes to see."

▪ McGraw-Hill's commitment to research is evident in the size and scope its operation encompasses. Clearly, it's no fly-by-night operation.

"We have 45 on the staff, up from 12 in 1977, and research is a full-fledged division of the company, no longer a department," adds Mr. Forsyth.

Here's how McGraw-Hill research division is subdivided and how it functions as a corporate resource center.

• **Media research group:** Fifteen employes have as their primary responsibility to develop "quality research" for McGraw-Hill and other noncompeting publications. Their work falls into three categories: Editorial—an internal quality control for editors, it makes sure they are really reaching their target audience; audience research—identifies a magazine's circulation demographically, and advertising effectiveness—assists advertisers and agencies in gauging how well their messages are read and it includes in its purview brand preference and benchmark studies.

• **Marketing research group:** As the name implies, its function is to perform—for a fee—a customized look at a particular market for manufacturers or agencies.

• **Marketing information center:** A secondary search depository that consists of three subgroups: A product/industry section whose job is to wade through some 300 technical magazines each month, culling tearsheets for 1,500 product categories; an advertising/marketing section that performs a similar task, categorizing ads, and a sales support group, which issues an internal newsletter to the company's sales force.

Another well established part of McGraw-Hill's Marketing Information Center is its Laboratory of Advertising Performance (LAP), which produces a special research study each month. Circulated free to advertisers, recent LAP studies have included such topics as advertising in a recession and the cost of an industrial sales call.

A fourth branch of McGraw-Hill's research division, added last January, is the telephone interviewing center. It is essentially an in-house data collection unit, replacing outside subcontractors.

▪ At Technical Publishing, research performs a similar function as a fact-finding arm serving marketing, advertising and editorial.

Meanwhile, another factor putting research in the fast track is the computer.

John Oulton, director of Chilton Co.'s Management Information Service, says his company recognized the computer's potential early on and has pioneered that mode for handling reader inquiry responses.

▪ "Now that data base and computer power is so inexpensive compared to human labor," says Mr. Oulton, "it's being looked at much more seriously for storing and updating information and as a means of automating tasks that previously involved clerical help and manual files."

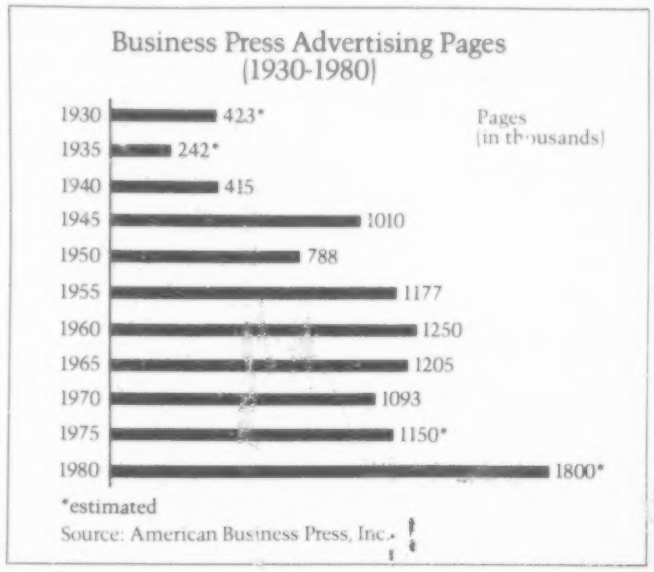
Mr. Oulton adds: "What's more, young people coming on board are familiar with computers and [are] eager to work with them. They view the computer as something to do a job with as opposed to a threat."

▪ Technical's Mr. Rogers agrees. Research's future is closely allied to the computer, despite high costs up front.

"Right now we do hand-tabulation and use outside and inside computer services. I foresee within the next couple of years much more extensive use of the computer."

The role of research is broadening, particularly as publishing houses pay careful attention to sampling, good questionnairing, testing and high response rates so the data "truly represent what you're measuring," says McGraw-Hill's Mr. Forsyth. #

Thomas Richard is a Chicago-based free lance writer.



Advertising Age / Section 2

JUNE 16, 1980

MAGAZINES

Photo by Mary Cuprus

Costs dim otherwise sunny outlook

BY MARC KIRKEBY

NEW YORK—It was the decade of *People* and *Rolling Stone*, of *Cosmopolitan* and *Ms.*, of magazines devoted to states, cities and even counties, of rapidly multiplying specialty magazines—including *three* publications devoted solely to vertical ice-climbing.

Vertical ice-climbing? Don't laugh. The '70s trend toward ever more finely-targeted magazines shapes up as the touchstone of the '80s as well.

Selectivity, the ability to search out small, active, affluent groups for advertisers, will make magazines an attractive alternative to broadcast, publishers say, even in the face of growing competition from increasingly segmented "new electronic media."

■ But magazine publishers who would like to look ahead to a new age of prosperity must first wade through the economic downturn most of them are predicting for the second half of this year. Moreover, the steady pressure of rising costs in postage, paper and labor shows no sign of going away, and in recessionary times advertisers and consumers will likely be less amenable to price hikes.

Single-copy and subscription prices both doubled, on the average, from 1970 to 1979, according to the Magazine Publishers Assn. Single copies rose from an average of 63¢ to $1.25; subscriptions from $7.16 to $15.18. Most of the increases have come in the last five years.

But even coupled with an increased cpm to the advertiser (64% for the decade, according to a Ted Bates & Co. study that includes a 1980 projection), MPA execs insist most publishers have not been able to keep pace with the cost spiral.

The MPA's greatest concern at the moment is postage. "Those costs have been going up 25% to 30% a year," said Kent Rhodes, MPA president. "They've gone up so fast they have caused some people to emphasize single copy sales; they've caused some publishers to take a very dim view of the future and perhaps go out of business sooner than they might have. It's a tough period for all magazines."

Second-class postal rates for magazines have more than quadrupled in the last 10 years; the latest proposed increase, which came in April, would raise the rate from 12.9¢ to 13.3¢ for an average copy, compared with a 33% (5¢) increase in first-class rates. If the MPA dislikes the rising rates, it resents their unpredictability more.

"How are you going to price your product when you have no idea what's going on out there?" Mr. Rhodes asked.

(Continued on Page S-44)

Marc Kirkeby is a New York-based free lance writer and a frequent contributor to ADVERTISING AGE.

Magazines Highlights

Alternate delivery S-2
Newsstand sales S-16
Special interest magazines S-18
Farm magazines S-32

Ominous trends

Costs dim otherwise sunny outlook

(Continued from Page S-1)

Publishers' inflationary headaches go beyond postage, however. The lightweight coated paper used in most consumer, trade and farm magazines has about doubled in price during the last decade and no one expects the present price of $650 to $700 a ton to hold steady for long.

Last year's St. Regis strike forced many publishers to buy from European paper companies at rates that often approached $1,000 a ton.

According to Robert Gardner, former senior vp of the MPA, the leading American paper manufacturers have agreed to increase their production capacity by 1,000,000 tons of coated paper a year by 1983, reflecting an investment of almost $1 billion by 10 companies. But even at that, the MPA is predicting a continued shortfall. And, Mr. Gardner notes, "Any prolonged strike by a major supplier and we'd be back in the soup again."

Nor do cost pressures end there. Printing inks now top $5 a pound for most colors and are up in price by more than 40% in the last five years. The payroll for one major printing operation in the Northeast rose by nearly 70% between 1974 and 1979 and with double-digit inflation refusing to abate, no employes, be they printers, truckers or editors, are likely to accept smaller, less frequent raises.

▪ The attempt to keep costs down, particularly in postage, has had great impact on the way publishers regard circulation. The historic 70/30 ratio of advertising to circulation in contributions to magazine revenues is now closer to 60/40, chiefly because of efforts to build single-copy sales.

Subscriptions for all Audit Bureau of Circulations magazines (excluding comics) grew by only 1%, to 177,100,000 copies, from 1970 to 1979, while single-copy sales increased by 31% to 91,300,000 copies. Certain major groups, including Hearst, have put most of their energies into single-copy expansion.

"It's good evidence of the desirability of a magazine," said Gilbert Maurer, president of Hearst Magazines. "It makes me very comfortable to know that people want to buy our magazines."

But single copy sales were down 3% from the first six months of 1978 to the same period in 1979, according to ABC figures, and a "Gallagher Report" analysis of ABC results for the second half of last year shows the top 200 magazines off by two-tenths of 1% in average paid circulation, the first such decline in a decade. Hardest hit were women's magazines that rely heavily on supermarket sales; soaring food prices apparently are convincing some shoppers to leave that $1.50 magazine in the rack.

Robert Farley, an MPA vp who watches circulation, believes that when the economy improves, "these impulse items will bounce back. A lot of magazines have increased prices; that will stabilize, and we'll be selling more magazines in supermarkets than ever before."

▪ Ominous as such trends are, publishers can take heart in an advertising picture that looks sunny, if not exactly cloud-free.

Advertisers spent $2.93 billion in magazines last year, according to a McCann-Erickson study that includes art and mechanical production costs as well as a slightly broader sampling than the Publishers Information Bureau. The projected levels for this year and next are $3.24 billion and $3.58 billion, healthy 10.5% increases for each year.

The 64% rate of increase in cpm in magazines has been about half that of network tv (124% for daytime and 130% for prime time, from 1970 to 1980, according to the Bates data), and publishers have intentionally held themselves to that level, according to Mr. Gardner, to improve their position with advertisers.

When it comes to reaching broad demographic segments, however, tv still is besting magazines and, for that matter, all other media. In an average day, for example, 81% of the male population aged 18 to 49 watches tv; only 33% reads magazines, according to Television Bureau of Advertising statistics.

But with study after study suggesting that some very desirable portions of the 18 to 49-year-old audience watch little or no tv, and with the growing ability of magazines to break out smaller and smaller demographic groups, almost no one in magazines is selling head-to-head against tv any more.

The cost of a :30 prime time network spot now averages between $60,000 and $70,000. While a handful of the largest-circulation magazines match those rates for a four-color page, most cost much less. The average cost of such an ad in the top 50 consumer magazines was under $25,000 in 1978, according to a survey in *Marketing & Media Decisions*, and ad rates in many of the new specialty magazines are well below $10,000.

Magazines probably will continue to look good in cost comparisons.

"As long as you have a relatively

Magazine figures show over-all picture in brief

Leading ABC Magazines

Rank		Circulation	% Change vs. 1978
1	TV Guide	19,547,763	– 1.7
2	Reader's Digest	18,094,192	– 1.1
3	National Geographic	10,249,748	+ 2.9
4	Better Homes & Gardens	8,007,202	– 0.3
5	Family Circle	7,611,578	– 8.0
6	Woman's Day	7,535,855	– 5.8
7	McCall's	6,502,880	0.0
8	Ladies' Home Journal	5,633,128	– 6.1
9	Playboy	5,538,559	+14.8
10	Good Housekeeping	5,178,296	– 0.4
11	National Enquirer	5,011,577	–12.4
12	Penthouse	4,651,323	+ 3.1
13	Redbook	4,450,806	– 0.4
14	Time	4,314,279	+ 0.1
15	The Star	3,160,415	+ 5.0
16	Newsweek	2,934,083	– 0.8
17	Cosmopolitan	2,766,627	+ 4.1
18	American Legion	2,584,517	– 0.5
19	People	2,312,444	– 0.3
20	Sports Illustrated	2,287,159	– 2.1
21	U.S. News & World Report	2,067,321	– 1.6
22	Field & Stream	2,064,622	+ 1.1
23	Glamour	1,861,818	+ 3.7
24	Smithsonian	1,815,237	+ 7.9
25	Popular Science	1,801,805	– 3.3

Note: Rank is based on average circulation per issue, 1st six months of 1979.

Magazine advertising revenue and pages

General Magazines

Year	Revenue	Pages	No. of Magazines
1970	$1,168,668,178	76,923	89
1971	1,235,175,433	77,008	91
1972	1,297,682,163	82,007	83
1973	1,309,161,028	85,664	85
1974	1,366,328,994	86,304	93
1975	1,336,313,425	80,735	94
1976	1,621,992,896	93,253	93
1977	1,965,410,809	103,307	96
1978	2,374,175,378	115,265	102
1979	2,671,052,606	119,832	102
1980, Jan.-Mar.	646,072,514	26,541	100

Source: Publishers Information Bureau. Sunday supplements are excluded.

Magazine advertising cost analysis

Year	Combined circulation (Thousand)	Combined page rate Black & white	Combined page rate Four-color	Cost per page per thousand Black & white	Cost per page per thousand Four-color
1970	160,848	695,674	961,293	4.36	5.98
1971	159,131	692,397	958,292	4.35	6.02
1972	156,738	678,685	934,180	4.36	6.00
1973	156,971	679,836	930,286	4.33	5.93
1974	158,976	714,535	976,630	4.49	6.14
1975	156,674	754,298	1,031,316	4.85	6.62
1976	166,815	779,337	1,081,126	4.94	6.77
1977	166,129	894,443	1,148,234	5.52	7.58
1978	154,987	928,705	1,247,783	5.96	8.05
1979*	155,380	988,848	1,360,384	6.35	8.69

* Circulation based on 1st six months of 1979.

Source: Based on the circulation and rates for the 50 leading consumer magazines in advertising revenue for each year. Newspaper supplements are not included.

sold-out situation on tv, the costs aren't necessarily going to relate to market value as much as they relate to supply and demand," said Don Miller, chairman of the board of Rumrill-Hoyt, New York. "In the publication world you don't have that to the same degree because of the extensive competition."

Neither medium is likely to take ads away from the other, experts say.

"If you are really getting down to a specific target audience, the cost trend of magazines is favorable, a little better than tv," said Herbert Maneloveg, senior vp of Della Femina, Travisano & Partners, New York. "If there is still an intent to have some mass, then tv remains, in terms of a broad demographic, the best buy."

▪ The economy's erratic behavior has caused most forecasters to revise their predictions for 1980 more than once. Former MPA vp David Bentley, an advertising specialist, predicts a growth in advertising pages for his association's more than 600 magazines of between 0% and 3%, with revenues from those ads climbing between 11% and 14%.

Forecasting the recession's effects on individual magazines presents a greater problem. The most obviously hard-hit of consumer products—boats, automobiles, recorded music—already are taking their toll on the magazines that serve those fields. But the slump hasn't yet followed an identifiable pattern.

"About five years ago, the photography magazines had a terrific period even though most magazines were down, because that happened to be at the beginning of the boom in 35mm cameras," said Robert Krefting, president of CBS consumer publishing division.

"We see an example the other way around," he continued, "with the four-wheel drive market, which has been down for over a year even though the recession hasn't occurred yet. On the other hand, our motorcycle magazine, *Cycle World*, is doing well."

Uneasiness over an uncertain year has led to a "very uncertain ad picture," Mr. Krefting said. "We find that an awful lot of our advertisers are not running schedules any more. They run from issue to issue, they make up their minds every 30 days or so all over again. I expect that to continue throughout the soft period."

▪ Similar uncertainty prevails in the business and trade press.

"Right now we seem to be right on the cusp of something," said William Barbour, president of the Chilton Co., a subsidiary of ABC's publishing division. "I don't look for a very healthy year, frankly."

The automotive publications among Chilton's 22 magazines already are suffering; one is 50 pages behind last year. (A Chilton jewelry magazine, however, is 100 pages ahead.)

A study by Cahners Publishing Co., Boston, estimates that ad pages in business magazines will be down 4% in 1980, although ad rates will climb 10% and circulation 3%. Trade publishers' costs, like those of consumer magazines, are projected to rise at rates ranging from 8% to 14%.

The American Business Press put the total 1979 ad pages for its 2,500 member publications at 1,650,000, up 34% over 10 years; circulation for all business publications, according to Standard Rate & Data, rose from 63,600,000 to 70,000,000 copies in the same period, a 10% increase.

Changes in American agriculture have been reflected in a shift by farm publications away from magazines for the small farmer and toward those geared to the major farmer and the specialist, although the total number of magazines audited by Agricom Inc., a St. Joseph, Mo., marketing company, has held steady at around 165. Total ads in those magazines went up 9% from 78,650 to 85,803 in 1978 and 1979, while ad revenues went up 17% from $135,000,000 to $159,000,000. The biggest increases came in ads for crop chemicals, tractors and field and plant equipment.

▪ Most magazines, consumer, trade and farm alike, will weather the current recession, publishing professionals believe, simply because so many of them have staked their futures on small, relatively recession-proof markets.

"Part of the problem in the demise of some of the big publishers is that they tried to compete in a numbers game with tv," said Seth Baker, president of ABC Publishing. "Those are the kind of magazines that are going to have more and more problems as time goes on."

ABC's strategy, Mr. Baker said, is to develop magazines "that are required reading for an individual as much as possible. If you're in the steel business, you have to read *Iron Age*. If you like cameras, you have to read *Modern Photography*. What we want to avoid are what we call discretionary magazines."

ABC has chosen to grow through acquisition rather than through the creation of new magazines, feeling that new magazine startup costs are simply too high. Yet even those companies still willing to give new publications a try are hedging their bets whenever possible.

"Companies are test-marketing new magazines," said Mr. Farley of the MPA. "They're doing a single copy, and if that does well they'll do four, or go bimonthly. It reduces the downside risk greatly."

A case in point is Hearst's *Colonial Homes*. The company already had several magazines in the home decorating area, but "began to detect through reader mail a strong interest in colonial decorating and architecture," according to Mr. Maurer. "We put out a limited number of copies, which were sucked off the newsstands, then we went quarterly, then to six times a year."

▪ How far can the trend to specialization and regionalization go? How many people would have anticipated a successful magazine called *Houston Home & Garden*? Or *Gwinnett*, which serves a Georgia county east of Atlanta?

Publishers are confident that however demographically specialized cable tv may become, they always will be several steps ahead in targeting and better suited to reach consumers with large disposable incomes and sophisticated tastes.

Nor are publishers overly worried by the encroachment of new electronic media. ABC already has laid the groundwork for a series of "data base" publications, magazines containing information that also could be retrieved by computer and displayed on a home tv screen or terminal.

But ABC also sees a long life for the magazines themselves. David Bentley doesn't envision any negative impact on magazines from new technology for at least 20 years, and questions how strong an advertising medium the database systems will ever be. Publishers will thrive, he believes, because of the "ability magazines have to contain ideas readers want, to go back to *when* you want." #

BEST AVAILABLE COPY

research beat / BY JACK HONOMICHL

Adding nonprofit researchers to Top 23 list

Last month I reported 1979 revenues of the Top 23 for-profit marketing/advertising research organizations (AA, May 19). In that column, I mentioned briefly that these commercial companies were just part of the total U.S. research industry picture; missing were some very large nonprofit research organizations.

Now, I'm going to slot eight of the more prominent nonprofit organizations into that Top 23 listing to show the difference it makes.

Let's start with corporations that have in-house research capabilities and do a considerable amount of their research work directly, without the services of outside suppliers (except for field service organizations). Among the more prominent are Procter & Gamble, General Foods, General Mills, Quaker Oats and Pillsbury. A spokesman for P&G, for instance, disclosed in a presentation to the Federal Trade Commission on Oct. 4 that they annually do about 1,000 survey projections in-house—totaling 1,500,000 consumer interviews. That is believed to be about two-thirds of the total P&G survey volume.

▪ A dozen or more U.S. universities are affiliated with nonprofit survey organizations whose main purpose is to serve the needs of academics, many of whom get study grants—but they also do work for "commercial" clients. For instance, the Institute for Social Research at the University of Michigan at Ann Arbor has a unit called the Survey Research Center, which does an annual survey research volume of more than $8,000,000 in straight, pass-through costs. SRC probably is best known for its continuing studies of consumer attitudes affecting spending, but in an average year it also does from 12 to 15 studies for "commercial" clients, such as General Motors, Ford and trade associations. A standardized employe attitude study has been executed for more than 150 commercial clients.

The largest nonprofit of all, no surprise, is the federal government. Just one unit, the Demographic Survey division of the U.S. Bureau of the Census, does between $60,000,000 and $70,000,000 worth of survey work each year, some of which is for commercial clients.

As the accompanying table shows, these nonprofits are larger than many prominent for-profit research companies—and, remember, we're basically dealing with pass-through costs that are not marked up as they would be in a for-profit company.

The large corporations, understandably, are reticent about detailing the full extent of their in-house research activities, but here are some magnitude numbers. The in-house unit at General Mills—which is called Consumer Research Services—has a staff of more than 50, including 14 project directors and 12 analysts. The annual CRS volume is close to $6,000,000, according to well-informed sources.

Fred Posner, director of marketing research at General Foods, and Dudley M. Ruch, vp-marketing research at Quaker Oats, say the volume of their in-house operations is "in excess of $5,000,000 a year." And at Pillsbury, it is estimated, the in-house volume is $1,500,000 a year.

The P&G volume of 1,000 survey projects provides a base upon which to speculate.

P&G's market research department has its own 50-station WATS center, and that presumably accounts for a large share of the interviewing. However, phone interviews can range all over the lot in length, complexity and screening requirements. An average projection a large survey house runs about $9,700, and if the same was true at P&G it would have an annual volume of about $9,700,000.

▪ Largest of the university nonprofits is Research Triangle Institute (RTI) outside Raleigh, N.C. RTI serves as a support facility for the universities in that area: Duke, North Carolina State, North Carolina and North Carolina Central. One division of RTI, the Statistical Sciences Group, had a total budget of $11,000,000 in the last fiscal year, of which $6,500,000 was survey research. Its survey volume in the current fiscal year is budgeted at $11,500,000.

The National Opinion Research Center (NORC), which is affiliated with the University of Chicago, had a survey volume of $9,900,000 in its most current fiscal year. The Survey Research Center at the University of Michigan has a staff of 687, including 104 professionals (some parttime) and a field force of 265. As mentioned before, SRC has an annual survey volume of more than $8,000,000.

These three are the largest and most prominent of the university-affiliated nonprofits, but sizable research organizations are to be found at a number of universities, to wit: Maryland, UCLA, California (at Berkeley), Illinois, Wisconsin, Indiana, Boston and Temple, among others.

On a final note, the Survey division of the Bureau of the Census is the third largest research organization in the U.S., as the table shows.

* * *

The survey research industry in the U.S. had a dollar volume 20% higher in the first quarter of 1980 compared to the same period a year ago, according to 38 CASRO-member companies that submit their revenue figures in confidence to the survey research company trade association. Since the inflation rate was running about 18% in the first quarter, that means the industry had a "real" growth rate of about 2% (which, incidentally, is what the Top 23 listing showed, on average, for all companies except A. C. Nielsen for 1979). First-quarter revenues for CASRO (Council of American Survey Research Organizations) companies were 4% ahead of the fourth quarter, 1979, levels. #

31 TOP RESEARCH COS.

Rank*	Organization	Revenues (In Millions)
1.	A. C. Nielsen Co.	$302.1
2.	IMS International	88.8
	Demographic Suvey Division, Bureau of the Census	70.0
3.	SAMI	54.4
4.	The Arbitron Co.	44.1
5.	Burke Int'l Rsch	42.6
6.	Market Facts	19.2
7.	Westat Inc.	14.4
8.	Audits & Surveys	14.0
9.	Marketing & Rsch Counselors	13.1
10.	ASI Market Rsch	12.3
11.	Chilton Rsch	12.0
12.	Yankelovich, Skelly & White	11.8
	Research Triangle Institute	11.5
13.	Ehrhart-Babic Associates	10.4
14.	National Family Opinion	10.0
	National Opinion Rsch Center (U. of Chicago)	9.9
15.	NPD Research	9.7
	Procter & Gamble	9.7
16.	Data Development Corp.	9.6
17.	Louis Harris & Associates	9.3
18.	National Analysts	8.7
19.	Opinion Research Corp.	8.2
	The Institute for Social Research (U. of Michigan)	8.0
20.	Elrick & Lavidge	7.1
21.	Walker Research	7.0
	General Mills	6.0
22.	Starch INRA Hooper	5.5
	General Foods Corp.	5.0+
	Quaker Oats	5.0+
23.	Decisions Center	5.1

Note: Research activities only for 1979; total revenues are larger in some cases. For details see AA, 5/19/80.

*Numbered companies are commercial, for-profit.

Advertising Age, June 16, 1980

Dry pet foods carry sales upward in '79

By JOHN C. MAXWELL JR.

Industry sales were up nearly 15% in 1979 in dollars. The unit picture was a bit different, however. Dry dog and cat foods were both up 5% to 6%, while moist cat food was about even and moist dog food was off about 5%. Canned cat food was down 4% to 5% and canned dog food was off 2% to 3%.

Judging by our market share figures, all the major companies appear to have lost some share. However, this is not completely reflective of what happened, as there was a spate of new entries in late 1979. It is not yet possible to track these in detail, so they are included under "all others" and probably will be broken out in 1980 data.

For instance, it should be noted that we have not broken out Purina's Butcher's Blend dry dog food, which was introduced in September, 1979. We therefore feel that while there may have been some erosion in the company's 1979 share, our market share table probably overstates it. We continue to believe that the dry area in particular for both cats and dogs, along with soft dry dog food, will continue to be the growth areas. #

Mr. Maxwell is with Lehman Brothers Kuhn Loeb Research, New York.

Pet food market shares by company ($ millions)

	1978	Share	1979	Share
Ralston Purina	$1,016.0	31.6%	$1,081.0	29.1%
Carnation	358.0	11.1	384.0	10.4
General Foods	352.5	11.0	390.5	10.5
Quaker Oats	328.3	10.2	352.6	9.5
Liggett Group	244.1	7.6	214.5	5.8
All others	935.1	28.5	1,286.4	34.7
Total	$3,234.0	100.0%	$3,709.0	100.0%

Source: John C. Maxwell, Lehman Brothers Kuhn Loeb Research

Pet food sales by type of product ($ millions)

Type	1978	1979	Change
Canned dog food	$ 685.0	$ 725.0	5.8%
Dry dog food	1,055.0	1,265.0	19.9
Moist dog food	320.0	325.0	1.6
Soft-dry dog food	73.0	154.0	111.0
Whole-biscuit snack dog food	120.0	150.0	25.0
Total dog food	2,253.0	2,619.0	16.2
Canned cat food	509.0	560.0	10.0
Dry cat food	325.0	380.0	16.9
Moist cat food	147.0	150.0	2.0
Total cat food	981.0	1,090.0	11.1
Total dog & cat food	$3,234.0	$3,709.0	14.7%

Source: John C. Maxwell, Lehman Brothers Kuhn Loeb Research

Pet food market share breakdown

Annual Retail Sales ($ millions)

Brand	Company	1978	1979
CANNED DOG FOOD			
Alpo	Liggett Group	$155.0	$161.0
Kal Kan	Mars Inc.	110.0	111.0
Ken-L Ration	Quaker Oats	80.0	80.0
Mighty Dog	Carnation	52.0	65.0
Friskies	Carnation	54.0	56.0
Cycle	General Foods	45.0	55.0
Vets	C.H.B. Foods	21.8	20.0
Blue Mountain	Associated Products	16.0	18.0
Cadillac	U.S. Tobacco	17.0	17.0
Skippy, Dr. Ross	C.H.B. Foods	16.7	15.8
Skippy, Premium	C.H.B. Foods	21.5	15.5
Recipe	Campbell Soup	12.0	13.0
Strongheart	Swift & Co.	12.0	12.0
Rival	Swift & Co.	12.0	7.5
Twin Pet	Allied Foods	8.0	7.0
Laddie Boy	Laddie Pet Foods	4.5	5.0
Hills	Riviana Foods	2.0	1.0
Red Heart	Allied Foods	1.0	0.5
Henny Pen	Allied Foods	1.0	0.5
Jobo	Allied Foods	0.6	0.2
All Others	—	42.9	64.0
Total		$685.0	$725.0
DRY DOG FOOD			
Dog Chow	Ralston Purina	$320.0	$330.0
Puppy Chow	Ralston Purina	110.0	115.0
Gravy Train	General Foods	75.0	78.0
Chuck Wagon	Ralston Purina	90.0	75.0
Dog Meal	Ralston Purina	65.0	70.0
Friskies Dinner & Cubes	Carnation	55.0	50.0
Cycle	General Foods	30.0	48.0
Mealtime	Mars Inc.	30.0	47.0
Alpo Beef Flavored Dinner	Liggett Group	34.0	46.0
Alamo Brand	Liggett Group	21.0	23.0
Fit & Trim	Ralston Purina	25.0	20.0
Blue Mountain	Associated Products	17.0	18.0
Bow Wow	ConAgra	15.9	13.5
Jim Dandy Chunk & Ration	Jim Dandy	15.0	13.0
Gaines Meal	General Foods	12.0	11.0
Field 'n Farm	Ralston Purina	10.0	10.0
Kasco	ConAgra	—	10.0
Ken-L Ration Biscuit & Meal	Quaker Oats	11.0	9.0
Purina Dinner Mix	Ralston Purina	9.0	5.5
Hunt Club Walter Kendall	Standard Brands	11.0	4.5
Strongheart	Swift & Co.	4.5	4.0
Vets Nuggets	C.H.B. Foods	5.3	3.0
All Others	—	89.3	261.5
Total		$1,055.0	$1,265.0
SOFT-DRY DOG FOOD			
Tender Chunks	Quaker Oats	$ 70.0	$110.0
Moist & Chunky	Ralston Purina	3.0	40.0
Tender Moist Chunx	Jim Dandy	—	4.0
Total		70.3	$154.0

Brand	Company	1978	1979
MOIST DOG FOOD			
Top Choice	General Foods	$ 80.0	$ 82.0
Gaines Burgers	General Foods	70.0	75.0
Ken-L Ration Burgers	Quaker Oats	81.0	74.0
Ken-L Ration Special Cuts	Quaker Oats	31.0	33.0
Gaines Variety	General Foods	22.0	22.0
Prime/Puppy Choice	General Foods	17.0	18.0
All Others	—	19.0	21.0
Total		$320.0	$325.0
WHOLE-BISCUIT/-SNACK DOG FOOD			
Milk-Bone	Nabisco	$ 75.0	$ 85.0
Jerky Treats	Heinz	16.7	20.1
Bonz	Ralston Purina	—	18.0
Liv-A-Snaps, Char-O-Snaps, Chi-N-Snaps	Liggett Group	7.0	7.5
Ken-L Ration Treats	Quaker Oats	5.3	5.6
Say Cheese, People Crackers and Doggie Donuts	R.T. French	5.0	1.5
Gaines Biscuits/Bits	General Foods	1.5	1.5
All Others	—	9.5	7.8
Total		$120.0	$150.0
CANNED CAT FOOD			
9-Lives	Heinz	$140.0	$155.0
Friskies	Carnation	111.0	117.0
Kal Kan	Mars Inc.	53.0	70.0
Purina	Ralston Purina	41.0	37.0
Puss 'n Boots	Quaker Oats	33.0	25.0
Bright Eyes	Carnation	16.0	17.0
Lovin' Spoonfuls	Ralston Purina	20.0	15.0
Tabby	Lipton	17.0	9.0
All Others	—	78.0	115.0
Total		$509.0	$560.0
DRY CAT FOOD			
Cat Chow	Ralston Purina	$104.0	$110.0
Friskies	Carnation	70.0	79.0
Meow Mix	Ralston Purina	62.0	70.0
Special Dinners	Ralston Purina	35.0	37.0
9-Lives	Heinz	12.0	30.0
Kitten Chow	Ralston Purina	12.0	15.0
All Others	—	30.0	39.0
Total		$325.0	$380.0
MOIST CAT FOOD			
Tender Vittles	Ralston Purina	$ 95.0	$100.0
Moist Meals	Quaker Oats	17.0	16.0
9-Lives Square Meal	Heinz	18.0	14.0
Whisker Lickins	Ralston Purina	15.0	13.5
All Others	—	2.0	6.5
Total		$147.0	$150.0

Source: John C. Maxwell, Lehman Brothers Kuhn Loeb Research